



## **CAFTA FACTS**

### **No Remedy for Labor Violations**

**Prepared by the Office of Congressman Sherrod Brown**

Simply put: Under CAFTA, a country that is not enforcing its own labor laws pays a fine to itself to enforce labor laws which it has no intention to enforce.

That accomplishes nothing.

The United States Trade Representative lauds the "Gold Standard" for intellectual property protections while giving short shrift to labor and environmental provisions. Only one labor and environmental provision is included: that countries enforce their own labor and environmental laws.

The labor laws of the CAFTA countries do not come close to meeting international standards, and have been repeatedly criticized by the UN's International Labor Organization (ILO) and the U.S. State Department.

While CAFTA ostensibly requires enforcement of labor laws, penalties are weak. Violations of core labor standards cannot be taken to dispute resolution, and the commitment to enforce domestic labor laws is subject to remedies weaker than those available for commercial disputes. This violates the negotiating objective of Trade Promotion Authority that equivalent remedies exist for all parts of an agreement.

A country failing to enforce its own labor laws is required to pay a fine to improve labor rights conditions, and the fine ends up back in its own budget.

There is no guarantee the fine will be used to ensure effective labor law enforcement, since trade benefits can only be withdrawn based on whether a fine is paid, not how the money is used.

If a country pays the fine to itself, but uses the money on unrelated or ineffective programs, little can be done. These rules perpetuate enforcement failures, collusion, and corruption in the region.

Short of a trade action brought by the United States government, there is no mechanism for ensuring fine money is used properly. NGOs and private watchdog groups have no say in the process.

Considering the United States Trade Representatives Office intentionally negotiated such weak labor provisions allowing this circumvention, can we really count on them to enforce violations?

The CAFTA model is a recipe for disaster. Congress must devise a trade agreement to promote business development and jobs in the U.S. as well as economic advancement overseas. CAFTA should help Central American workers earn enough to buy American-made products. It's time to rethink U.S. trade policy and do what's right, not just for multinational corporations, but what's right for workers, small businesses, communities, and the environment.

The president is on the wrong track. Congress must demand a smarter trade deal than CAFTA.